

602 KAR 15:010. Airport development loans.

RELATES TO: KRS 183.200-183.213

STATUTORY AUTHORITY: KRS 183.213(1)

NECESSITY, FUNCTION, AND CONFORMITY: KRS 183.213(1) provides that the Transportation Cabinet shall promulgate administrative regulations governing airport loans made under KRS 183.200 to 183.210. This administrative regulation is promulgated to set forth specifications regarding applications for and terms of the loans.

Section 1. Definition. "Airport development loan" means a loan authorized by KRS 183.200 to 183.213.

Section 2. An airport board that seeks an airport development loan shall file an original and one (1) copy of Transportation Cabinet form TC 56-15L, "Airport Development Loan Application" with the Transportation Cabinet, Director, Division of Aeronautics, Frankfort, Kentucky 40622.

Section 3. Content of Application. The following information and exhibits shall be included in the application:

- (1) Name and address of the airport board.
- (2) The amount of airport development loan requested from the cabinet.
- (3) The description of the proposed airport project including an attached exhibit consisting of an engineer's plat which shows the following as each exists at the time of the application and proposed improvement:
 - (a) Site boundaries;
 - (b) Total acreage;
 - (c) The airstrip;
 - (d) Facilities;
 - (e) Servicing utilities; and
 - (f) Access road;
- (4) An exhibit showing the ownership and encumbrances on the land described in subsection (3) of this section.
- (5) An exhibit stating the itemized detailed cost or estimated cost of the:
 - (a) Land and all proposed improvements;
 - (b) Engineering and legal expenses; and
 - (c) Other expenses necessary to the cost of the airport project.
- (6) An exhibit providing:
 - (a) The method and amount of financing for the proposed project including:
 1. Federal participants;
 2. State participants; and
 3. Local participants;
 - (b) The percentage of the total project cost contributed by a participant;
 - (c) Evidence of the availability of funds from the participants;
 - (d) The proposed terms of an:
 1. Airport development loan; and
 2. Schedule of repayment; and
 - (e) The percentage of the total project cost to be covered by an airport development loan.
- (7) An exhibit with documentation of the financial standing of the airport board in the form of a current financial statement containing a full disclosure of all assets, liabilities, and income.
- (8) A statement of when the proceeds of the loan will be needed and a proposed schedule for site

acquisition or development.

(9) An exhibit containing a letter from each appointing authority attesting that if the airport board defaults on the loan, the authority accepts full responsibility for payment of the following:

- (a) Loan principal;
- (b) Interest; and
- (c) Late penalty payment.

Section 4. The annual rate of interest to be charged throughout the life of an airport development loan shall be two (2) percent per annum.

Section 5. Determination Standards. The following standards shall be used by the cabinet to determine the soundness and feasibility of a project and whether a loan application shall be granted:

- (1) The availability of project funds from a:
 - (a) Federal;
 - (b) State; or
 - (c) Other;
- (2) Whether the proceeds of the loan will be expended for:
 - (a) Initial construction of an airport facility; or
 - (b) The improvement of the safety or adequacy of an existing airport facility;
- (3) The foreseeability that the airport development project will generate adequate revenue to repay the loan; and
- (4) The need for the proposed facility to provide better service to operators anticipated to use the facility, based upon the:
 - (a) Airport master plan; or
 - (b) Airport layout plan.

Section 6. Terms of Loan. The airport development loan agreement entered into between the airport board and the cabinet shall have the following terms in addition to those stated in KRS 183.210:

- (1) The principal amount loaned shall be repaid to the cabinet in annual installments plus accrued interest or as otherwise provided in the agreement.
- (2) The first installment payment shall be due within one (1) year after the proceeds of the loan are paid to the airport board.
- (3) The airport board may repay any of the unpaid balance without penalty if the interest is computed to the date the advance repayment is made.
- (4) All payments on principal and interest shall be made to the Transportation Cabinet, or as otherwise provided in the agreement.
- (5) The loan shall be used by the airport board for the purpose stated in the application.
- (6) For value received and for the purpose of affording credit to the airport board, the appointing authority or authorities jointly and severally, absolutely and unconditionally, guarantee the payment at maturity of all obligations under the loan agreement.
- (7) The agreement may contain other terms agreed upon by the airport board and the cabinet.

Section 7. Material Incorporated by Reference. (1) Transportation Cabinet form TC 56-15L (March 1997 edition) is incorporated by reference as a part of this administrative regulation.

(2) A copy of the form incorporated by reference may be viewed, copied, or obtained free of charge from the Transportation Cabinet, Division of Aeronautics, 125 High Street, Frankfort, Kentucky 40622. The hours of operation of the division are 8 a.m. to 4:30 p.m. weekdays. (2 Ky.R. 228; eff. 12-10-75; Am. 6 Ky.R. 580; eff. 7-2-80; 9 Ky.R. 1235; eff. 6-1-83; 11 Ky.R. 244; eff. 9-11-84; 1074; eff. 2-12-85; 14 Ky.R. 262; eff. 9-10-87; 23 Ky.R. 3615; 4117; eff. 6-2-97.)